

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF PARKSVILLE WATER DISTRICT)	
FOR A CERTIFICATE OF PUBLIC CONVENIENCE)	CASE NO.
AND NECESSITY TO CONSTRUCT, FINANCE AND)	2014-00050
INCREASE RATES PURSUANT TO KRS 278.023)	

ORDER

Parksville Water District ("Parksville District") has applied to the Commission for a Certificate of Public Convenience and Necessity for a waterworks construction project, approval of its plan to finance the proposed project, and an adjustment of rates.

Parksville District proposes to construct approximately 12,400 linear feet of two-, four-, and ten-inch polyvinyl chloride ("PVC") waterline and appurtenances, and a new supervisory control and data acquisition ("SCADA") control system. Parksville District states that the proposed project is needed to improve the operation of the Persimmon Knob Pump Station, which will help Parksville District provide and maintain adequate water service through its Persimmon Knob Tank. The proposed project is also meant to provide improved water service in the area of Kentucky 37 and Little South Road and Worldstown Spur Road, and assist Parksville District, through a central SCADA unit, to oversee all water system activities at its remote sites, which are: four pump stations, four storage tanks, a master meter, and a control valve pit. The total cost of the project, including legal and administrative, development costs, engineering costs, interest and contingencies, is \$850,000.

Parksville District proposes to finance the proposed construction with the proceeds of the issuance and sale of \$591,000 of revenue bonds consisting of

\$508,000 of Series A Bonds and \$83,000 of Series B Bonds to Rural Development ("RD"), an agency of the U.S. Department of Agriculture, and a grant from RD in the amount of \$259,000. The proposed Series A Bonds will mature over a 40-year period and accrue interest at a rate not to exceed 3.00 percent per annum. The proposed Series B Bonds will mature over a 40-year period and accrue interest at a rate not to exceed 3.50 percent per annum. Under the proposed rates, the monthly bill of a residential customer who uses 5,000 gallons of water will increase from \$38.00 to \$45.75, or by approximately 20.40 percent.

Parksville District has submitted its application pursuant to KRS 278.023. Notwithstanding KRS 278.020(1), KRS 278.180, KRS 278.190, and KRS 278.300, KRS 278.023 requires the Commission to accept agreements between water districts and RD regarding construction projects, and to issue the necessary orders to implement the terms of such agreements within 30 days of satisfactory completion of the minimum filing requirements.

KRS 278.023 does not grant the Commission any discretionary authority to modify or reject any portion of the agreement between RD and Parksville District, or to defer the issuance of all necessary orders to implement the terms of that agreement. It further denies the Commission any authority to reject an application when the evidence of record indicates that a water district's proposed facilities will result in the wasteful duplication of facilities or excessive investment or its proposed rates are unfair, unjust, or unreasonable.

Parksville District's application met the minimum filing requirements of KRS 278.023 on February 28, 2014. The Commission, therefore, is not able to review

this application using the same standards that are used for applications that are not filed pursuant to KRS 278.023.

IT IS THEREFORE ORDERED that:

1. Parksville District is granted a Certificate of Public Convenience and Necessity for the proposed construction project.

2. Parksville District's proposed plan of financing is accepted.

3. Parksville District is authorized to issue \$591,000 of its Waterworks Revenue Bonds consisting of \$508,000 of Series A Bonds maturing over 40 years at an interest rate not exceeding 3.00 percent per annum, and \$83,000 of Series B Bonds maturing over 40 years at an interest rate not exceeding 3.50 percent per annum.

4. The proceeds from the proposed bond issuance shall be used only for the purposes specified in Parksville District's application.

5. Parksville District shall obtain approval from the Commission prior to performing any additional construction not expressly authorized by this Order.

6. Notwithstanding ordering paragraph 5, if surplus funds remain after the approved construction has been completed, Parksville District may use such surplus to construct additional plant facilities if RD approves of the use and the additional construction will not result in a change in Parksville District's rates for service. Parksville District shall provide written notice of this additional construction in accordance with 807 KAR 5:069, Section 4.

7. Parksville District shall file a copy of the "as-built" drawings and a certified statement from the engineer that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of substantial completion of the construction certified herein.

8. Parksville District shall require the construction to be inspected under the general supervision of a professional engineer with a Kentucky registration in civil or mechanical engineering to ensure that the construction work is done in accordance with the contract drawings and specifications and in conformance with the best practices of the construction trades involved in the project.

9. Parksville District shall notify the Commission in writing one week prior to the actual start of construction and at the 50 percent completion point.

10. The rates set forth in the Appendix to this Order are approved for service that Parksville District renders on and after the date of this Order.

11. Within 20 days of the date of this Order, Parksville District shall file revised tariff sheets with the Commission, using the Commission's electronic Tariff Filing System, containing the rates set forth in the Appendix to this Order.

12. Any documents filed in the future pursuant to ordering paragraphs 6, 7, and 9 of this Order shall reference this case number and shall be retained in the utility's general correspondence file.

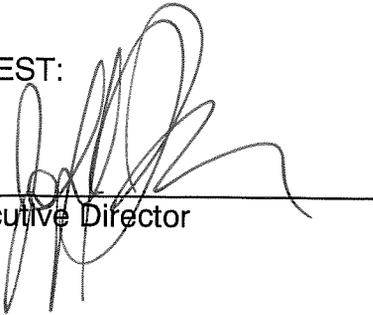
13. The Executive Director is delegated authority to grant reasonable extensions of time for filing of any documents required by the Order upon Parksville District's showing of good cause for such extension.

Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein accepted.

By the Commission

ENTERED
MAR 19 2014
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

Case No. 2014-00050

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2014-00050 DATED **MAR 19 2014**

The following rates and charges are prescribed for the customers in the area served by Parksville Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Monthly Water Rates

First	1,000	Gallons	\$ 27.91	Minimum Bill
Next	4,000	Gallons	4.46	per 1,000 Gallons
Next	5,000	Gallons	4.74	per 1,000 Gallons
All Over	10,000	Gallons	6.00	per 1,000 Gallons

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